

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7827**

**BILL NUMBER:** SB 529

**NOTE PREPARED:** Feb 23, 2007

**BILL AMENDED:** Feb 22, 2007

**SUBJECT:** Pipeline Construction Standards.

**FIRST AUTHOR:** Sen. Jackman

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:**    **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** (Amended) This bill establishes construction standards for the construction of any segment of interstate pipeline on privately owned land in Indiana. The bill provides that the standards are not binding on affected landowners. The bill also requires the Pipeline Safety Division (Division) of the Utility Regulatory Commission (IURC) to designate one or more employees as project coordinators for each proposed or ongoing pipeline project. This bill requires the Division to make certain information on each pipeline project available on the IURCs web site. The bill also provides that a public utility or a pipeline company that seeks to acquire land by eminent domain may not enter on the land for survey purposes unless the public utility or pipeline company: (1) sends notice by certified mail to the landowner of the public utility's or pipeline company's intention to enter the land for survey purposes; or (2) receives the landowner's signed consent to enter the land to perform the proposed survey.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** (Revised) This bill will increase the administrative costs of the Pipeline Safety Division (PSD) of the Utility Regulator Commission (IURC). It is estimated the provisions of this bill could be implemented through the use of existing staff and resources available to the IURC.

The bill requires the IURC to:

- (1) designate one or more employees as project coordinators for each proposed or ongoing pipeline project; and
- (2) make the following information available on the IURC web site:
  - (A) The pipeline standards (as established in this bill under IC 8-1-22.6).
  - (B) Descriptions and locations for ongoing to future pipeline projects.

- (C) Contact information for the pipeline company involved, the IURC project coordinators, and the Federal Energy Regulatory Commission.
- (D) Information on public hearings concerning pipeline projects.
- (E) Any other information the IURC finds relevant.

According to the January 15, 2007, State staffing report, the IURC had 4 vacant positions worth approximately \$71,000, and the Department had 30 vacant positions worth approximately \$1 M. In FY 2006, the IURC reverted \$665,000, while the Lieutenant Governor's Office, of which the Department is a part of, reverted \$2.9 M.

*Background on IURC Funding:* The operating budgets of the IURC and OUCC are funded by regulated utilities operating in Indiana. The IURC determines the rate at which to bill the utilities based on the two agencies' budgets, less reversions, divided by the total amount of gross intra-state operating revenue received by the regulated utilities for the previous fiscal year. Based on this formula, utilities are currently billed approximately 0.15% of their gross intra-state operating revenues to fund the IURC and OUCC. In FY 2006, fees from the utilities and fines generated approximately \$11.8 M.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Utility Regulator Commission; Department of Agriculture.

**Local Agencies Affected:**

**Information Sources:**

**Fiscal Analyst:** Adam Brown, 317-232-9854.